

ARMSTRONG COUNTY COMMUNITY FOUNDATION

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2007

GERALD J. MICKY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Armstrong County Community Foundation

I have audited the accompanying statement of financial position of the Armstrong County Community Foundation as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Armstrong County Community Foundation as of December 31, 2007, and the changes in its net assets and cash flows for the year then ended, on the basis of accounting described in Note A.



November 7, 2008
Kittanning, Pennsylvania

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2007

ASSETS

Cash and cash equivalents	\$ 18,301
Investments (at fair market value)	<u>4,412,742</u>
Total Assets	\$ <u>4,431,043</u>

LIABILITIES AND NET ASSETS

Liabilities:	\$ -0-
Net Assets:	
Permanently restricted	<u>4,431,043</u>
Total Liabilities and Net Assets	\$ <u>4,431,043</u>

The accompanying notes are an integral part of these financial statements.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUE:	
Direct public support	\$ 983,250
Special events and activities	33,935
Interest income	260
Investment earnings	<u>(4,617)</u>
TOTAL REVENUE	<u>1,012,828</u>
EXPENSES:	
Program services:	
Tuition Scholarship Program and grants to charitable agencies	<u>401,865</u>
Support services:	
Schedule following	<u>145,249</u>
TOTAL EXPENSES	<u>547,114</u>
CHANGE IN NET ASSETS	<u>465,714</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,965,329</u>
NET ASSETS, END OF YEAR	<u>\$4,431,043</u>

The accompanying notes are an integral part of these financial statements.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES – SUPPORTING SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2007

Support services:	
Salaries and wages	\$ 65,098
Special events and activities	19,604
Office equipment and supplies	2,839
Printing and publications	7,738
Marketing	7,326
Rent	6,660
Telephone and internet	2,506
Utilities	2,323
Taxes	6,175
Insurance	1,870
Postage	1,384
Employee benefits	1,354
Professional fees	4,091
Educational/Training	1,298
Dues and subscriptions	1,996
Literacy	7,403
Travel/Meals	2,287
Payroll services	807
Website	1,880
Miscellaneous	<u>610</u>
	<u>\$ 145,249</u>

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

Cash flows from operating activities:

Change in net assets \$ 465,714

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Investment earnings 4,617

Contributions of stock investments (150,094)

Net cash provided by operating activities 320,237

Cash flows from investing activities:

Purchase of investments (890,019)

Redemption of investments 572,087

Net cash used by investing activities (317,932)

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,305

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 15,996

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 18,301

The accompanying notes are an integral part of these financial statements.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Armstrong County Community Foundation is a nonprofit corporation incorporated to meet the needs of individuals and charitable agencies within the county. Since inception, the foundation has allowed donors and nonprofit organizations to work together to improve the quality of life in the area. The purpose of the organization is to develop, manage and distribute charitable funding to meet existing and changing community needs.

2. Basis of Accounting

The Organization's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. This policy constitutes a departure from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present statements of financial position, activities, and cash flows in conformity with generally accepted accounting principles.

3. Fixes Assets

Fixed assets acquired by the Organization are expensed when purchased. Therefore, these financial statements do not include a provision for depreciation.

4. Federal Income Taxes

The Organization qualifies as a tax-exempt non-profit organization under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been recorded.

5. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. Fair value approximates carrying amounts.

6. Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

ARMSTRONG COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007

unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

7. Investment Securities

The Organization has adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

8. Contributions

The Organization has adopted SFAS No. 116 Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of the management's estimates.

B. RENT COMMITMENT

The Organization leases its office facilities at 160 North McKean Street, Kittanning, Pennsylvania, under a lease agreement dated September 1, 2005. The lease continues through September 30, 2008 and requires monthly rental payments of \$555. On July 10, 2008, the Organization entered into an extension of this lease agreement through September 30, 2013. The new agreement requires monthly rental payments of \$520. In addition, it requires the Organization to be responsible for 25% of the increase in the real estate taxes over and above the 2008 county and borough tax and the 2008-2009 school tax.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007

C. INVESTMENTS

The Organization's investment accounts consisted of the following at December 31, 2007:

	<u>COST</u>	<u>MARKET</u>
Money Market/C.D.'s	\$ 447,271	\$ 447,641
Stocks/Bonds	1,412,667	1,377,814
Mutual Funds	<u>2,569,917</u>	<u>\$2,587,287</u>
	<u>\$ 4,429,855</u>	<u>\$4,412,742</u>

A summary of investment earnings included in the Statement of Activities is as follows:

Interest and dividends	\$ 84,948
Capital gain distributions	128,468
Realized gains	5,064
Unrealized gains (losses)	<u>(223,097)</u>
	<u>\$ (4,617)</u>

D. NON-CASH CONTRIBUTIONS

The revenue category of "Direct public support" presented in the Statement of Activities includes contributions of stock (marketable securities) made by donors during the year ended December 31, 2007.

Fair market value of the stock shares was \$150,094 at the time of contribution.